

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION

Audit Observations and Recommendations

For the Calendar Year 2020 and below

As of December 14, 2021

AO M NO.	AUDIT OBSERVATIONS	AUDIT RECOMMENDATIONS	ACTION PLANS	PERSONS/ DEPARTMENT/ OFFICE RESPONSIBLE	TARGET IMPLEMENT DATE FROM - TO	STATUS OF IMPLEMENTATION	REASONS FOR PARTIAL/ DELAY/NON- IMPLEMENTATION, IF APPLICABLE	ACTION TAKEN/ ACTION TO BE TAKEN
A. STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS								
AAP SI 2018 (1)	<p>Procurements of Near - Infrared (NIR) equipment Unmanned Aerial Vehicle (UAV) Drone with Radiometric Thermal Camera in the total amount of P1.254 million were not in accordance with the 2016 RIRR of RA No. 9184 and GPPB GPM Volume 2 because of the:</p> <p>(a) Adoption of Shopping as alternative mode of procurement by splitting the contracts;</p> <p>(b) determination of ABC without adequate market survey;</p> <p>(c) incomplete documentation supporting the eligibility of the Supplier, and incomplete posting of the</p>	<p>We recommended that Management require the Accounting Division to demand payment from the supplier the penalty in the amount of P35, 112 for the incurred delay in the delivery.</p>	<p>The audit recommendation is well-taken:</p> <p>To direct the Accounting Division to write and demand payment of penalty with the supplier of Near Infrared equipment (NIR) Unmanned Aerial Vehicle (UAV) drone with Radiometric Thermal Camera in accordance with the provisions of RA 9184 and its IRR.</p>	<p>Narciso Cabalquinto, Supply Officer IV and OIC, General Administrative Division</p> <p>Erlinda J. Abacan, Chief Accountant -Accounting</p>	<p>January 2021 – December 2021</p>	<p>Not yet implemented.</p> <p>Was not able to demand payment of penalty from the supplier for lack of computation based on AOM and original voucher /documents to present to the supplier.</p>	<p>Supporting paid voucher and documents could not be located//missing. Likewise, the COA staff in charge who retired two years ago may had not properly turnover these documents.</p>	<p>Find means to locate these documents/computation of penalty to present with the supplier and demand payment.</p>

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	award and notice to proceed, among others. Thus, there was no assurance that the principles of efficiency and economy in the procurement were adhered to.							
AAP SI 2016 (10)	The provision on the turnover to the Bureau of Treasury of funds in excess of the full settlement of the liabilities of the National Sugar Trading (NASUTRA) as provided for in Executive Order No. 114, as amended had not been complied with.	We recommended that Management comply with Section 4 of Executive Order No. 114, as amended, on the turnover of funds to the Bureau of Treasury.	The audit recommendations are well-taken.			Not Implemented.	SRA could not turn over yet to the Bureau of Treasury the excess funds after settlement of the liabilities of NASUTRA, since there were claimants pending with the Regional Trial Court.	
AAP SI 2018 (2)	The collectability of receivables aggregating P65.325 million which have been non-moving or dormant for more than 10 to 30 years could not be ascertained due to the absence of sufficient records/documents and/or the debtors no longer exist or could no longer be located,	a) Re-submit the request for write-off duly supported with the documentary requirements for writing-off of dormant accounts pursuant to COA Circular No. 2016-005 dated December 19, 2016. Maximize efforts on the possible collections of the	This audit recommendation was partially implemented in previous years wherein management submitted its request for write off and additional documents required for dormant account of P62.198 million on November 12, 2018. (1) Management will re-submit the said request for write-off. (2) Management had already sent demand letters to debtors and other liable persons and individuals.	1. Administrator Hermenegildo R. Serafica 2. Erlinda J. Abacan Chief Accountant	January 2021 – December 2021	Partial On-going implementation/ compliance. On October 1, 2002, SRA made an effort by sending a request to the Director of the Legal and Adjudication Office, Commission on Audit, Commonwealth Avenue, Quezon City through the SRA-COA Resident Auditor back	Dormant account receivables for almost 40 years due to lack of their supporting documents, papers and other accounting data	To send demand letters to debtors and other liable persons and individuals as proof of effort to collect.

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	<p>to the detriment of the government. Likewise, no allowance for impairment was provided for accounts receivable aged more than five to eight years amounting to P0.817 million contrary to Paragraph 67 of PPSAS 29, thus not reduced to its carrying amount.</p>	<p>receivables, particularly those arising from disallowances, sales of SRA's lots located at Sugartowne Homes and claims from various debtors for sugar laboratory and analysis fees.</p>				<p>then, Ms. Minerva T. Cabigting for the possible writing off of the dormant account receivables for almost 40 years due lack of their supporting documents, papers and other accounting data</p> <p>On July 31, 2017, the Director of the Company Registration and Monitoring Department, Securities and Exchange Commission in the name Ferdinand B. Sales provided SRA the Certifications of the List of Companies which were debtors of SRA, and which are now already inexistent and dissolved</p>		

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	<p>with an undetermined net book value were not derecognized from the PPE account; and (d) the total land areas of 2,584,494 square meters (sq. m.) located in the Municipality of Floridablanca, Pampanga with carrying amount of P110,938 reflected in the Transfer Certificate of Title (TCT) differed by 2,273,004 sq. m. from the total land areas reported in the Tax Declarations</p>	<p>the GLs and the SLs balances of the PPE, accumulated depreciation as well as the depreciation expense accounts, and to adjust the books of accounts accordingly;</p> <p>(d) AD HO to adopt the format of PPELC recommended in GAM, such that information on the date of acquisition, reference or property number, accumulated depreciation, accumulated impairment losses, issues/transfers/adjustments, adjusted cost and repair history are provided to facilitate reconciliation with the Property record;</p> <p>(e) PPS to prepare IIRUP as basis of the AD to derecognize from the books the cost of unserviceable PPE and the corresponding accumulated depreciation, as</p>	<p>and Legal Department to validate result of surveying done by DALAYA Surveyors in Pampanga so that land appraisal can be facilitated within the year and correct/adjust the books of accounts.</p> <p>Moreover, the Management will monitor progress of reconciliation of PPE records per subsidiary against the General ledger control accounts.</p>				<p>completed the surveying of QC and Pampanga. Property Section scouts for service provider for land appraisal.</p>	

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		<p>required in Chapter 10, GAM Volume I; and</p> <p>(f) PPS to expedite the land surveying and land appraisal of lots of land located in Floridablanca, Pampanga, and AD to adjust its carrying amount in the books of accounts, accordingly.</p>						
2020-02 (19)	<p>The Investment Property (IP) account with the total cost of P61.261 million and carrying amount of P48.587 million did not faithfully represent the land and land improvements owned by SRA in the Financial Statements (FS) due to: (a) the variance between the property records and various legal documents on the land area; (b) unrecorded parcels of land measuring 976,232 square meters (sq. m.) 74 granted to SRA by</p>	<p>(a) PPS to expedite the land surveying and land appraisal of parcels of land located in Batasan Hills, Quezon City and Accounting Division (AD) to adjust the carrying amount of IP-Land in the books of accounts, accordingly;</p> <p>(b) General Administrative Division and the Legal Department, both at HO, to effect the reconciliation of the land areas</p>	<p>The audit recommendations are well taken.</p> <p>(a) The TOR, scope and Accomplishment Report submitted by private service provider of the survey of SRA lands in Quezon City and Pampanga is for evaluation and verification of the SRA Technical Team on Infrastructure, General Administrative Division, PPS and Legal Department. Once the result is found to be complete and satisfactory will proceed with the market survey and procurement of appraisal services of these lands within the year.</p> <p>(b) Moreover, they will instruct the SRA Visayas to continuously monitor the progress of application of Special Patent with the DENR which is needed in establishing ownership of the land in La Carlota, La Granja. SRA Legal</p>		June 2021 – December 2021	<p>Implemented.</p> <p>Partially implemented.</p>		<p>Continuous follow up with DENR regarding special patent of land in La Granja.</p>

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	virtue of Presidential Proclamation (PP) No. 421, with market value of P532.360 million as of December 13, 2019; and (c) lack of necessary disclosures in the Notes to FS required in Sections 86 and 90 of the Philippine Public Sector Accounting Standards (IPSAS) 16 - IP.	<p>recorded in the books in the various legal documents after the land surveying and appraisal of the subject land;</p> <p>(c) SRA Visayas to secure expeditiously the Special Patent from DENR to ensure SRA's ownership over the land in La Carlota, Negros Occidental;</p> <p>(d) AD of SRA Visayas to record in the books of accounts the parcels of land in La Carlota, Negros Occidental as soon as the fair value becomes available; and</p> <p>(e) AD of HO to comply with Paragraphs 86 and 90 of IPSAS 16 and provide the required disclosure in the Notes to FS.</p>	<p>Department in Visayas submitted again the documents last November 13, 2020 as required by DENR/CENRO. AD of Visayas needs confirmation of ownership of the property before it can record the appraisal/valuation cost of P532.360 million, as of December 31, 2019 with area as follows:</p> <p>Site 1 565,627 square meters Site 2 410,605 square meters</p>					
2020-03	The Block Farming Program of SRA	The SRA should prioritize the delivery of the	The audit recommendations are well taken.		June 2021 – December 2021			

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(19)	under the Sugar Industry Development Act of 2015 shows an underutilization of its fund on its fifth year of implementation as only P768.835 million or 65.49 per cent out of the total budget amounting to P1.174 billion has been incurred as of December 31, 2020 thereby, affecting the immediate provision of farm management and technical assistance, agricultural inputs, capability training and common service facilities for improved sugarcane productivity to the beneficiaries of the Program.	interventions with the least utilization of funds in CYs 2018 and 2019 in order to provide the beneficiaries the immediate provision of farm management and technical assistance, among others for improved sugarcane productivity.	<p>(a) The SRA recognizes the relatively low utilization of the total fund under the Block Farming Program. However, the Management emphasized that as far as farm mechanization support is concerned, the SRA has no control on the procurement of farm equipment which was undertaken by the Philippine International Trading Corporation (PITC).</p> <p>(b) Also, the delivery of the interventions that have the least utilization of funds in CYs 2018 and 2019 has been greatly affected by the pandemic due to the following specific reasons:</p> <ol style="list-style-type: none"> 1. Conduct of training and assessment of block farms has not been performed due to the limitations brought about by the pandemic. Health and safety protocols implemented in the respected localities must be followed, and the health and safety of the technical officers were also considered. Additionally, virtual trainings cannot be easily planned out due to the technical difficulties existing in each area of the block farms. 2. For the Farm Mechanization support (i.e. Provision of farm implements) tractor and sugarcane grabber units were delivered to block farms in the latter part of November 2020 and the 			<p>Partially implemented.</p> <p>Partially implemented.</p>	<p>Limited activities due to health/travel restrictions due COVID-19 pandemic.</p> <p>Conducted virtual inception meetings/seminars among block farm cooperatives and associations.</p>	

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			<p>delivery in some block farms are still on-going. On the other hand, the Sugarcane whole-stalk cutters are expected to be delivered in the month of July 2021 as the supplier requested for an extension of the period for delivery with PITC.</p> <p>(c) Notwithstanding the pandemic, Management is trying its best in coordinating and planning the implementation of the interventions with the Mill District Officers and Technical officers assigned in their respective regions, by adjusting to the current situation, to efficiently provide the beneficiaries the immediate provision needed for improved sugarcane productivity.</p>					
2020-04 (19)	The fund transferred by SRA to various Non-Government Organizations (NGOs)/Peoples Organizations (POs) amounting to P19.716 million remained unliquidated as of December 13, 2020 ranging from less than a year to more than three years contrary to COA Circular No. 2007-001 dated October 25, 2007 and	The management to direct the Accountant to demand the immediate liquidation of the fund transfers from the various NGOs/POs as required by COA Circular No. 2007-001 dated October 25, 2007 considering that these accounts were already due and demand from the said NGOs/POs the return of the any unutilized amount, including interest if any, as required by COA Circular No. 2012-001 dated June	<p>The audit recommendations are well taken.</p> <p>Based on the status of Due to NGOs/Pos account as of June 2021, P15.557 million or 79% were already liquidated. Those block farm associations and MDDCs without liquidation were served with demand letters on June 2, 2021. The original copies of liquidation report and documents of Pampanga Mill District Foundation were lost, photocopies shall be submitted and referred to COA separately for post audit.</p>		December 2021	Partially implemented.	<p>As of November 2021, only P2,730 million or 14% of Due from NGOs/POs account as of December 2020 remain unliquidated.</p> <p>Photocopies of liquidation reports of Pampanga Mill District Foundation were submitted to COA.</p>	

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	COA Circular No. 2012-01 dated June 14, 2012.	12, 2012.						
2020-05 (19)	Out of the total fund transfer amounting to P547.103 million made by SRA to the Philippine International Trading Corporation (PITC) for the procurement of outsourcing services of various agricultural equipment, only P 245.953 million or forty per cent was utilized/liquidated as of December 31, 2020 or a balance of P299.150 million contrary to COA Circular No. 94-013 dated December 13, 1994. Likewise, the procurement transactions undertaken by PITC showed a considerable delay despite the lapse of more than two years since the signing of the agreement and fund transfer made by SRA.	(a) Direct the Legal Department to coordinate with PITC relative to the inclusion of provision in the supplemental MOA of timelines to deliver the services and the corresponding penalty in case of default; (b) Direct the SRA-BAC to closely coordinate with PITC to expedite the procurement so that the SRA beneficiaries may derive the benefits due them and constantly remind PITC on the urgency of the procurement on hand; and (c) Henceforth, strictly comply with the provisions of COA Circular No. 94-013 dated December 13, 1994.	The audit recommendations are well taken. (a) The SRA Management will adhere to this recommendation to direct the Legal Department to review and include the provision on TIMELINES and penalty should there will be delay or default on the part of PITC in the delivery of the services. (b) SRA created the Provisional and Technical Working Group (TWG) Members of SRA-PITC BAC who were charged with the function of the coordination in the conduct of procurement by PITC-BAC. A report/updates of PITC Bidding as of June 2021 was submitted by the TWG and received by the Audit Team on June 28, 2021. (c) SRA recognizes the relatively low utilization of the total fund transfer to PITC as well as the liquidation of the same. However, the SRA Management emphasized that SRA has no control on the procedure of PITC in the procurement of the agricultural equipment. Also, they will continuously remind and demand liquidation report from PITC of the completed procurement and payment of agricultural equipment with the suppliers.		June 2021 – December 2021	Implemented. As of November 2021, the unliquidated balance of PITC is P169,735,148.83 which is equivalent to 30% of total the total fund transferred. Total savings returned by PITC to SRA amounted to P68,451,030.53		Follow up report on liquidation from PITC

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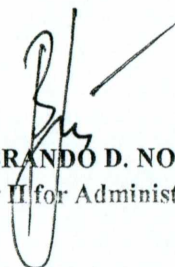
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	amount allocated/attributed to implement GAD programs, projects and activities of P405.500 million. Thus, the utilization/contribution of the fund was not maximized to deliver the benefits for gender equality and women empowerment to the intended beneficiaries.	(a.3) Submit the GAD AR to PCW within the timeframe, and thereafter, submit to COA the GAD AR as acknowledged by the PCW; and (b) AD and GFPS to reconcile GAD expenses incurred to ensure the reliability of the data for control and monitoring purposes	order. (e) SRA Visayas Management endeavored to comply with the requirements as GAD activities and utilizations of GAD budget greatly suffered because of the COVID-19 pandemic. Focal Point System Vice Chair for the Visayas retired from the service, thus, accomplishment reports were duly submitted after deadline.			Implemented.		

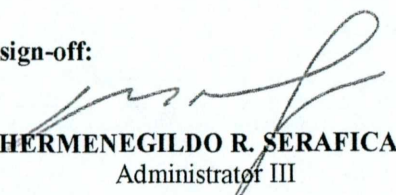
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